



TENNESSEE REGISTRY OF ELECTION FINANCE

Contribution Audit of Cedrick Wooten's 2014 Second Quarter Campaign Finance Disclosure



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October 8, 2014

Members of the Registry of Election Finance
404 James Robertson Parkway, Suite 104
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Ladies and Gentlemen,

Transmitted herewith is the agreed upon procedures for the un-itemized contribution audit of Mr. Cedrick Wooten's 2014 Second Quarter Campaign Financial Disclosure Statement for the 2014 election campaign for the Circuit Court 30th Judicial District – Division 8. This audit was conducted pursuant to the requirements of T.C.A. §2-10-212.

The audit procedures developed are to aid the Registry of Election Finance in its responsibilities to monitor and enforce Tennessee's Campaign Financial Disclosure Laws and Campaign Contribution Limit Laws. The candidate is responsible for complying with campaign finance laws and the accuracy of campaign financial disclosures. The sufficiency of these procedures is solely the responsibility of the Bureau of Ethics and Campaign Finance's internal audit group. Consequently, we make no representation regarding the sufficiency of the agreed upon procedures described in the report for any other purpose than aiding the Registry.

This report is for the information and use of the Members of the Tennessee Registry of Election Finance as outlined; and is not intended to be and should not be used by anyone other than the Registry without understanding the objectives, purposes, and underlying assumptions. This report, however, is a matter of public record.

Sincerely,

Jay Moeck, CPA, CFE
Audit Director

STATE OF TENNESSEE
REGISTRY OF ELECTION FINANCE

Audit Highlights
Mr. Cedrick Wooten's
2014 Second Quarter Contribution Audit

AUDIT OBJECTIVES

The objectives of the audit were to determine Mr. Cedrick Wooten's compliance with certain provisions of campaign finance disclosure laws and regulations; compliance with certain provisions of campaign contribution limit laws and regulations; accuracy and completeness of the un-itemized contribution disclosures on his 2014 Second Quarter Campaign Financial Disclosure Statement; and to recommend appropriate actions to correct any deficiencies.

FINDING(S)

- 1. Mr. Wooten violated T.C.A. §2-10-107(a)(2)(A)(i) by failing to itemize \$125 in campaign contributions from two contributors who contributed in excess of \$100 during a reporting period.**
- 2. Mr. Wooten failed to maintain contributor data for \$1,615 in cash contributions.**
- 3. Mr. Wooten violated T.C.A. § 2-10-311(a) by receiving \$90 in cash contributions over the cash limit from one contributor.**

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INTRODUCTION

AUDIT AUTHORITY

Tennessee Code Annotated (T.C.A.) §§2-10-206 and 2-10-212 authorize the Registry of Election Finance (Registry) to conduct audits of campaign financial disclosure statements filed with the Registry. The audit was initiated based on T.C.A. §2-10-212(i), which requires the Registry to audit any candidate that files a disclosure statement with more than 30% of the candidate's contributions reported as un-itemized contributions and the aggregate un-itemized contributions reported are greater than \$5,000.

AUDIT PURPOSE

The Registry's contribution audits are to assist and encourage candidate compliance with campaign disclosure laws. The audit process assists the Registry in providing timely and accurate campaign information to government officials and the public. The Registry's audits provide a tool to the Registry to evaluate the effectiveness of the campaign financial disclosure process. In addition, the audits assist the Registry with the enforcement of campaign finance limit laws and campaign finance disclosure laws. Finally, the audit reports are prepared to assist the candidate and the State of Tennessee with promoting governmental accountability and integrity.

AUDIT SCOPE

Tennessee's campaign financial disclosure law requires candidates to make biannual financial disclosures as of the date of the first contribution or first expenditure, whichever occurs earlier. The biannual report periods are from January 16 to June 30 and July 1 to January 15 of each year. During an election year, the disclosures expand to quarterly reports, pre-primary reports, and pre-general reports. This audit relates to only disclosure reports that meet the requirements listed in T.C.A. §2-10-212(i). Therefore, the audit only reviewed Mr. Cedrick Wooten's disclosures on his 2014 Second Quarter report.

CAMPAIGN OVERVIEW

CAMPAIGN ORGANIZATION

Mr. Cedrick Wooten was a candidate in the August 7, 2014 general election for Circuit Court 30th Judicial District – Division 8. Mr. Cedrick Wooten filed an Appointment of Political Treasurer Statement on April 8, 2014 appointing Michael Saine as political treasurer.

The candidate's first financial disclosure for the 2014 campaign was the 2014 Second Quarter report filed on July 14, 2014. The candidate's latest financial disclosure report for the 2014 election was the 2014 Pre-General Quarter report filed on August 13, 2014. The 2014 Pre-General report indicated \$4,039.69 cash on hand, no outstanding obligations and \$2,901.61 in outstanding loans. The candidate has not completed his 2014 election campaign reporting requirements. The candidate's next report will be the 2014 Third Quarter report due October 10, 2014.

OVERVIEW OF FINANCIAL ACTIVITIES

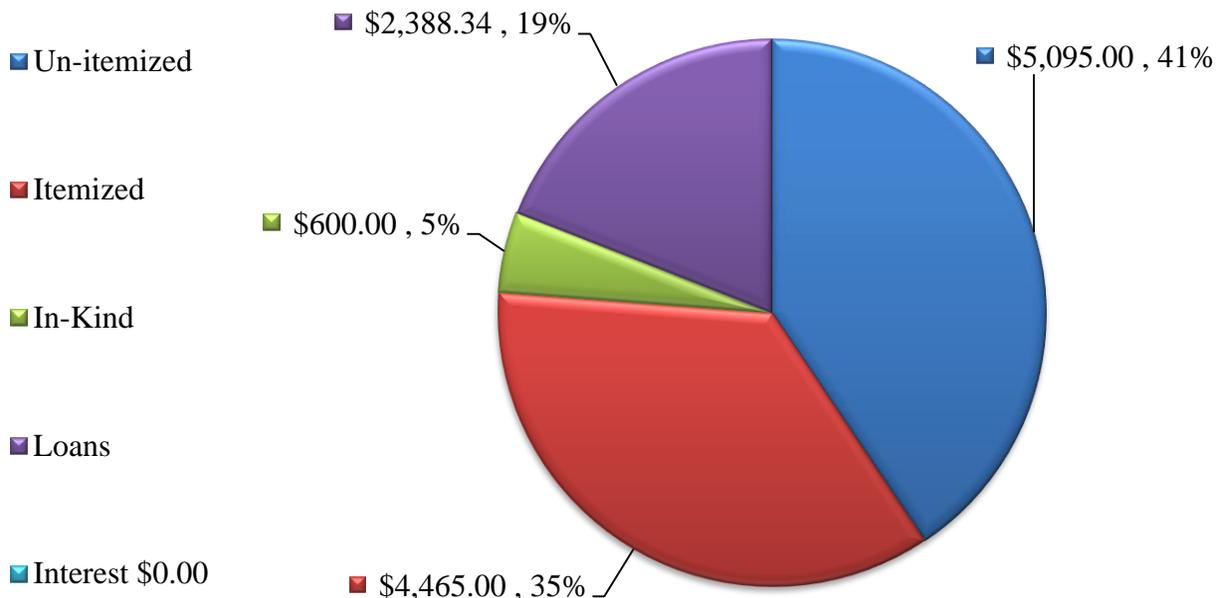
The following financial amounts are a summary of the financial disclosures made by the candidate. The summarized amounts are from the following disclosure reports: 2014 Second Quarter and 2014 Pre-General reports. As noted in the audit scope, we only audited un-itemized contributions from disclosures for the 2014 Second Quarter report. The amounts displayed are for informational purposes only.

<u>Summary of Financial Activity</u>		
<u>(Un-audited Amounts)</u>		
Cash on hand at April 8, 2014		\$0.00
Receipts		
Un-itemized	\$6,197.00	
Itemized	7,914.65	
Interest	0.00	
Loans received	2,901.61	
Total receipts		<u>\$17,013.26</u>
Disbursements		
Un-itemized	590.59	
Itemized	12,383.18	
Loans principal payments	0.00	
Total disbursements		<u>\$12,973.77</u>
Cash on hand at June 30, 2014		<u>\$4,039.49</u>
Loans outstanding at June 30, 2014		\$2,901.61
Obligations June 30, 2014		\$1,000.00
Total in-kind contributions received		\$600.00

CHARTS

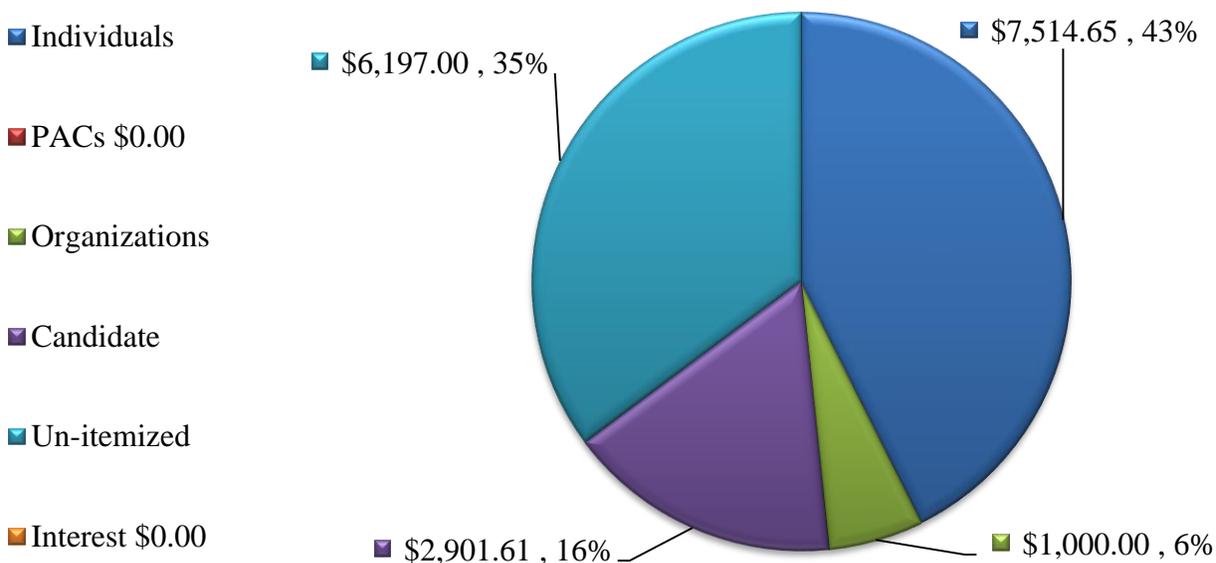
2014 SECOND QUARTER CAMPAIGN CONTRIBUTIONS

The following chart shows the contributions reported by the candidate in the 2014 Second Quarter report.



2014 ELECTION CONTRIBUTIONS BY SOURCE

The following chart shows the contributions reported by the candidate for the 2014 election campaign through the 2014 Pre-General disclosure report. Organizations in this chart represent non-profit organizations, non-PAC campaign organizations, or businesses



OBJECTIVES, METHODOLOGIES, CONCLUSIONS

CONTRIBUTIONS AND RECEIPTS

Audit Objectives:

The objectives of the audit of un-itemized contributions were to determine whether:

- campaign contributions from individuals and Political Action Committees (PAC) were within limits;
- all contributions were from non-prohibited sources;
- all contributions received were reported, reported in the proper period, reported in compliance with T.C.A. §§2-10-105 and 2-10-107, and reported in compliance with the Registry's rules; and
- all contributions were supported by bank statements and deposit slips.

Audit Methodology:

The Registry obtained Mr. Cedrick Wooten's 2014 Second Quarter Campaign Financial Disclosure Statement to verify that the un-itemized contributions were greater than \$5,000.00 and 30% of the total contributions reported. We requested Mr. Wooten provide supporting documentation for the un-itemized contributions of \$5,095 that he reported on his 2014 Second Quarter report. The candidate's campaign records included bank statements, deposit slips, copies of contribution checks and an online web services contribution list. The following steps were performed on Mr. Wooten's campaign documentation:

- The campaign records were reviewed to determine if the candidate's un-itemized contributions received from April 8, 2014 thru June 30, 2014 totaled \$5,095.
- A list of un-itemized contributions was prepared and compared to the candidate's bank statements to determine if the candidate deposited all funds into a campaign bank account and properly recorded the funds.
- A list of un-itemized contributions by contributor was prepared and compared to the candidate's itemized contributions reported during the election to determine if campaign contributions from individuals and PACs complied with campaign contribution limits, T.C.A. §2-10-301, et seq.
- An un-itemized contributions list was reviewed to determine if all contributions were reported, all receipts received were reported, all contributions were reported in the proper period, all contributions were in compliance with T.C.A. §§2-10-105 and 2-10-107, and all contributions were in compliance with the Registry's rules.

Audit Conclusion:

Mr. Wooten's 2014 Second Quarter Campaign Financial Disclosure Statement reported un-itemized contributions were greater than \$5,000.00 and 30% of the total contributions. The audit indicated all un-itemized contributions reported were deposited into the campaign bank account. The audit indicated the un-itemized contributions complied with campaign finance laws and Registry rules except Mr. Wooten's failure to itemize \$125 in campaign contributions from two contributors who contributed in excess of \$100 (Finding 1). Mr. Wooten received \$1,615 in anonymous cash contributions (Finding 2). Additionally, he received \$90 in cash contributions from one contributor in excess of the cash contribution limits (Finding 3).

FINDINGS

1. Mr. Wooten violated T.C.A. §2-10-107(a)(2)(A)(i) by failing to itemize \$125 in campaign contributions from two contributors who contributed in excess of \$100 during a reporting period.

Cedrick Wooten included \$125 in un-itemized contributions received from two individuals that should have been itemized during the 2014 Second Quarter reporting period. T.C.A. §2-10-107(a)(2)(A)(i) requires contributions of more than \$100 received from one source during a reporting period to be itemized. Campaign records indicate the candidate deposited \$100 of his personal funds into his campaign account to start the account during the Second Quarter. He also gave himself loans totaling \$2,388.34. These loans were properly itemized; however, the cash contribution was improperly reported as un-itemized. Similarly, the candidate received two contributions from a contributor, one for \$150 that was properly itemized and the second for \$25 that was improperly reported as un-itemized. The \$125 in contributions represents approximately 2.5% of the un-itemized contributions reported by Mr. Wooten on his 2014 Second Quarter Campaign Finance Disclosure Statement.

2. Mr. Wooten failed to maintain contributor data for \$1,615 in cash contributions.

The candidate did not maintain or obtain sufficient contribution campaign records to verify compliance with all campaign finance statutes for cash contributions. His campaign records indicated that he received cash contributions totaling \$1,615 from anonymous contributors. The campaign records show the cash was deposited into the campaign account in four separate deposits. The \$1,615 in cash contributions was approximately 80% of the cash deposited into the candidate's campaign account during the Second Quarter. Without the specific contributor's names and amounts contributed we could not determine Mr. Wooten's compliance with the following campaign finance statutes for the cash contributions:

- T.C.A. §2-10-107(a)(2)(A)(i) requires contributions of more than \$100 from one source received during a reporting period to be itemized. The itemized information for each contributor must include name, address, occupation, employer, date of receipt, and amount of contribution.

- T.C.A. §2-10-311(a) limits cash contributions to \$50 per election for each contributor.

3. Mr. Wooten violated T.C.A. § 2-10-311(a) by receiving \$90 in cash contributions over the cash limit from one contributor.

Cedrick Wooten’s campaign records indicate he received \$90 in cash contributions from one individual over the \$50 cash limit per election. T.C.A. §2-10-311(a) states, “No person shall make cash contributions to any candidate with respect to any election that, in the aggregate, exceed fifty dollars.” Mr. Wooten was a candidate in the August 7, 2014 general election (he was not a candidate in a primary election). In order to audit the un-itemized contributions, both itemized and un-itemized contributions were reconciled to the campaign records. The reconciliation indicates one individual made a cash contribution of \$140. The contribution was properly reported as itemized; however, it is \$90 over the cash limit.

RECOMMENDATION TO CANDIDATE

Mr. Wooten should amend his 2014 Second Quarter Campaign Financial Disclosure Statement to ensure that he properly reported all itemized contributions from individuals who contributed over \$100 during a reporting period. Mr. Wooten should return all funds in excess of the campaign limits to the contributor. In subsequent reporting periods or future elections, Mr. Wooten should maintain contributor data for all campaign contributions received and reconcile the campaign records to his campaign disclosures to ensure all disclosures are complete, accurate and properly supported by the campaign records.

RECOMMENDATION TO REGISTRY

We recommend the Members of the Registry consider the findings for possible further action. We recommend the Registry approve the audit performed as being sufficient and complete. Finally, we recommend the Registry post the audit report to the Registry’s website notwithstanding whether a significant penalty is assessed, as outlined in T.C.A. §2-10-212(f). The report and related findings will assist current and future candidates in understanding the audit process, the purposes of Registry rules, and types of procedures needed to comply with campaign finance laws.

RESOLUTIONS

CANDIDATE'S CORRECTIVE ACTIONS

After discussing the above finding with Cedrick Wooten, he chose to take corrective action prior to the Registry's approval of the audit. Mr. Wooten amended his 2014 Second Quarter Campaign Financial Disclosure Statements on September 30, 2014.

Corrective Actions - Finding 1

Cedrick Wooten increased itemized monetary contributions on his 2014 Second Quarter report by adding two contributions totaling \$125. One contribution of \$100 from himself and one \$25 from a contributor who already had itemized contributions reported. Finally, he reduced un-itemized contributions by \$125. The amended report properly discloses the contributions noted in Finding 1.

Corrective Actions - Finding 2

Cedrick Wooten followed Registry staff recommendations and donated \$1,615 to a charitable organization (the \$1,615 in anonymous funds cannot be used for campaign purposes). The candidate provided a copy of the check to support the donation. As the donation was made on 9/30/2014, the donation is not required to be reported until the 2014 Third Quarter report.

Corrective Actions - Finding 3

Cedrick Wooten refunded \$90 to the contributor identified as being over the cash limit. The candidate provided a copy of the campaign check refunding the money to the contributor. As the check was written on 9/30/2014, the return of contribution is not required to be reported until the 2014 Third Quarter report.

REGISTRY OF ELECTION FINANCE ACTIONS

The Members of the Registry of Election Finance reviewed the 2014 contribution audit of Mr. Cedrick Wooten during the October 8, 2014 regular monthly meeting. The report contained three findings along with the candidate's corrective actions. The Registry voted to accept and approve the audit report with no further action.